

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 19, 2019

APPLICATION OF

VIRGINIA NATURAL GAS, INC.

For approval of its 2019
SAVE Rider update

SCC-CLERK'S OFFICE
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CASE NO. PUR-2019-00095

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ORDER FOR NOTICE AND COMMENT

On May 31, 2019, pursuant to § 56-604 E of the Code of Virginia ("Code"), Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") its annual adjustment application with respect to its Commission-approved Steps to Advance Virginia's Energy plan ("SAVE Plan"),¹ under which VNG's SAVE Rider, designated Rider E, is reconciled and adjusted ("2019 Annual Adjustment" or "Application").

The Company's SAVE Plan is designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure.² Rider E is designed to recover eligible infrastructure replacement costs associated with the SAVE Plan.³ VNG states that the calculation of the revenue requirement and rates associated with Rider E consist of two components: the SAVE Actual Cost Adjustment ("SACA") and the Annual SAVE Factor ("ASF"), which were approved by the Commission in its 2012 SAVE Order.⁴ According to the Company, the SACA is an adjustment that ensures that the SAVE Rider recovers no more or less than the actual cost of

¹ *Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604, Case No. PUE-2012-00012, 2012 S.C.C. Ann. Rept. 393, Order Approving SAVE Plan and Rider (June 25, 2012) ("2012 SAVE Order").*

² Application at 2-3.

³ *Id.*

⁴ *Id.* at 4.

implementing the SAVE Plan projects during the prior calendar year.⁵ Based on this calculation, the Company is proposing a SACA adjustment for the upcoming rate period of September 1, 2019, through August 31, 2020, of \$343,129.⁶ The Company states that the ASF establishes the rate required to recover the costs associated with the expected SAVE Plan plant investment for the period in which the rate will be effective.⁷ Based on this calculation, the ASF for the upcoming rate period is \$10,721,412.⁸ By combining the ASF of \$10,721,412 and the SACA of \$343,129, the Company calculates a SAVE Rider revenue requirement of \$11,064,541 for the rate period of September 1, 2019, through August 31, 2020.⁹

The Company further states that for purposes of the 2019 Annual Adjustment, the Company is applying the same revenue allocation factors proposed in the Company's 2017 Base Rate Case,¹⁰ with one exception.¹¹ For Rate Schedule 1A, which the Company proposed in its 2017 Base Rate Case and the Commission approved, the Company proposes to use the same SAVE rate as Rate Schedule 1.¹²

⁵ *Id.* at 8.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 9.

⁹ *Id.*

¹⁰ *Id.* See *Application of Virginia Natural Gas, Inc., For a general rate increase and for authority to revise the terms and conditions applicable to natural gas service*, Case No. PUE-2016-00143, 2017 S.C.C. Ann. Rept. 423, Final Order (Dec. 21, 2017) ("2017 Base Rate Case").

¹¹ *Id.* The Company states that, consistent with the Commission's Order in VNG'S 2015 SAVE update case, the Company continues to combine the two residential rate schedules (Rate Schedules 1 and 3) for a single SAVE Plan rate. See *Application of Virginia Natural Gas, Inc., For approval of its 2015 SAVE Rider update*, Case No. PUE-2015-00050, 2015 S.C.C. Ann. Rept. 334, Order Approving SAVE Rider Adjustment (July 29, 2015).

¹² *Id.*

According to the Company, the monthly SAVE Rider rate for customers receiving service under Schedule 1 – Residential will be \$2.61, while the monthly SAVE Rider rate for customers receiving service under Schedules 6 and 7 – Large Firm C&I will be \$303.93 and \$182.46, respectively.¹³

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that this matter should be docketed; that VNG should provide public notice of its Application; that interested persons should be afforded an opportunity to file comments on the Company's Application and request a hearing; and that the Commission Staff ("Staff") should investigate the Application and file a report containing the Staff's findings and recommendations.

Accordingly, IT IS ORDERED THAT:

(1) VNG's Application is docketed as Case No. PUR-2019-00095.

(2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),¹⁴ a Hearing Examiner is appointed to rule on any discovery matters that may arise in this proceeding.

(3) On or before July 15, 2019, the Company shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory within the Commonwealth of Virginia:

¹³ O'Farrow Direct Testimony at 10.

¹⁴ 5 VAC 5-20-10 *et seq.*

NOTICE TO THE PUBLIC OF AN APPLICATION BY
VIRGINIA NATURAL GAS, INC., FOR APPROVAL OF ITS
2019 SAVE RIDER UPDATE
CASE NO. PUR-2019-00095

On May 31, 2019, pursuant to § 56-604 E of the Code of Virginia, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") its annual adjustment application with respect to its Commission-approved Steps to Advance Virginia's Energy plan ("SAVE Plan"), under which VNG's SAVE Rider, designated Rider E, is reconciled and adjusted ("2019 Annual Adjustment" or "Application").

The Company's SAVE Plan is designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure. Rider E is designed to recover eligible infrastructure replacement costs associated with the SAVE Plan. VNG states that the calculation of the revenue requirement and rates associated with Rider E consist of two components: the SAVE Actual Cost Adjustment ("SACA") and the Annual SAVE Factor ("ASF"), which were approved by the Commission in its 2012 SAVE Order. According to the Company, the SACA is an adjustment that ensures that the SAVE Rider recovers no more or less than the actual cost of implementing the SAVE Plan projects during the prior calendar year. Based on this calculation, the Company is proposing a SACA adjustment for the upcoming rate period of September 1, 2019, through August 31, 2020, of \$343,129. The Company states that the ASF establishes the rate required to recover the costs associated with the expected SAVE Plan plant investment for the period in which the rate will be effective. Based on this calculation, the ASF for the upcoming rate period is \$10,721,412. By combining the ASF of \$10,721,412 and the SACA of \$343,129, the Company calculates a SAVE Rider revenue requirement of \$11,064,541 for the rate period of September 1, 2019, through August 31, 2020.

The Company further states that for purposes of the 2019 Annual Adjustment, the Company is applying the same revenue allocation factors proposed in the Company's 2017 Base Rate Case, with one exception. For Rate Schedule 1A, which the Company proposed in its 2017 Base Rate Case and the Commission approved, the Company proposes to use the same SAVE rate as Rate Schedule 1.

According to the Company, the monthly SAVE Rider rate for customers receiving service under Schedule 1 – Residential

will be \$2.61, while the monthly SAVE Rider rate for customers receiving service under Schedules 6 and 7 – Large Firm C&I will be \$303.93 and \$182.46, respectively.

The details of these and other proposals are set forth in the Company's Application. Interested persons are encouraged to review the Company's Application and supporting exhibits for the details of these proposals.

The Commission entered an Order for Notice and Comment that, among other things, directed the Company to provide notice to the public, and provided interested persons an opportunity to comment on the Company's Application.

A copy of the Company's Application may be obtained at no charge by requesting a copy of the same from the Company's counsel, Elaine S. Ryan, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219. The Application and related documents also are available for review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before July 23, 2019, interested persons may file written comments on VNG's Application with Joel H. Peck, Clerk, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218. On or before July 23, 2019, interested persons desiring to submit comments electronically may do so by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Comments shall refer to Case No. PUR-2019-00095.

On or before July 23, 2019, interested persons desiring to participate as a respondent in this proceeding shall file an original and fifteen (15) copies of a notice of participation as a respondent pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure. The notice of participation shall be filed with the Clerk of the Commission at the address set forth above or filed electronically by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. The notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal

basis for the action. All filings shall refer to Case No. PUR-2019-00095, and copies thereof shall simultaneously be served on counsel for the Company.

On or before July 23, 2019, any interested person may request a hearing in this matter by filing an original and fifteen (15) copies of a request for hearing. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed without a hearing. All such requests for hearing shall be filed with the Clerk of the Commission at the address set forth above, or filed electronically by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Any such filings shall refer to Case No. PUR-2019-00095, and copies thereof shall simultaneously be served on counsel for the Company.

VIRGINIA NATURAL GAS, INC.

(4) On or before July 15, 2019, VNG shall serve a copy of this Order for Notice and Comment on the following officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(5) VNG promptly shall make a copy of the Application available to the public, who may obtain a copy of the Application at no charge by requesting a copy of the same in writing from the Company's counsel, Elaine S. Ryan, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219. The Application and related documents also shall be available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays.

Interested persons also may download unofficial copies from the Commission's website:

<http://www.scc.virginia.gov/case>.

(6) On or before July 23, 2019, interested persons may file comments concerning the issues in this case with Joel H. Peck, Clerk, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218. On or before July 23, 2018, interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Comments shall refer to Case No. PUR-2019-00095.

(7) On or before July 23, 2019, any interested person may participate as a respondent in this proceeding by filing a notice of participation in accordance with 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6). Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUR-2019-00095.

(8) On or before July 23, 2019, interested persons may request that the Commission convene a hearing on the Company's Application by filing an original and fifteen (15) copies of a request for hearing with the Clerk of the Commission at the address set forth in Ordering Paragraph (6), or by filing a request for hearing electronically by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Requests for hearing must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal

basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All such filings shall refer to Case No. PUR-2019-00095.

(9) A copy of any request for hearing and notice of participation simultaneously shall be sent to counsel for the Company at the address set forth in Ordering Paragraph (5).

(10) The Staff shall investigate the Application. On or before August 7, 2019, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of a Staff Report containing its findings and recommendations and promptly shall serve a copy of the same on counsel to the Company and all respondents.

(11) On or before August 14, 2019, VNG may file with the Clerk of the Commission any response in rebuttal to the Staff Report and any comments filed by interested persons in this proceeding.

(12) On or before July 29, 2019, the Company shall provide the Commission with the proof of notice and service required by Ordering Paragraphs (3) and (4), respectively.

(13) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(14) The Company shall respond to written interrogatories or requests for the production of documents within four (4) calendar days after the receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed

to the Staff.¹⁵ Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.

(15) This matter is continued generally pending further order of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Elaine S. Ryan, Esquire, and Andrea D. Gardner, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; Elizabeth B. Wade, Esquire, Southern Company Gas, Ten Peachtree Place NE, Atlanta, Georgia 30309; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219. A copy hereof also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

¹⁵ The assigned Staff attorney is identified on the Commission's website: <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2019-00095, in the appropriate box.